

**THE INFLUENCE OF COMPENSATION, MOTIVATION, AND
WORK DISCIPLINE ON EMPLOYEE PERFORMANCE AT
SOHO SUHRA BAKERY MAKASSAR**

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Abstract

Human resources play a crucial role in organizations as they directly impact employee performance and the achievement of organizational goals. Improving employee performance can be achieved through various factors such as compensation, motivation, and work discipline. This research aims to examine the individual and combined effects of compensation, work motivation, and work discipline on employee performance at Soho Suhra Bakery Makassar. The research adopts an associative quantitative method, with a population size of 30 employees. The analysis utilizes multiple linear regression techniques. The results of the T-test indicate that the compensation variable (X1), work motivation (X2), and work discipline (X3) significantly influence employee performance (Y). The t-statistic value for the compensation variable (X1) is 5.559, which is greater than the t-table value of 2.055. Conversely, the t-statistic value for work motivation (X2) is -1.461, which is less than the t-table value of 2.055, and the t-statistic value for work discipline (X3) is 0.443, also less than the t-table value of 2.055. The F-test reveals an F-statistic value of 15.303, which is greater than the F-table value of 2.99, with a significance level of 0.000. This research also demonstrates that compensation variables (X1), work motivation (X2), and work discipline (X3) influence employee performance (Y) at Soho Suhra Bakery Makassar simultaneously.

Keywords: Compensation, Employee Performance, Motivation, Work Discipline

1. INTRODUCTION

Soho Suhra Bakery Makassar is a local medium-sized business that offers a variety of bakery products. The bakery is dedicated to achieving its vision and mission of becoming a productive medium-sized organization while continually improving employee performance to reach its desired goals. However, the bakery has been facing performance issues, leading to a decline in achieving organizational sales targets. The average employee performance percentage in 2020 was 87%, meeting the satisfactory criteria. However, in 2021, the average employee performance dropped to 73%, indicating a 14% decrease.

The declining performance can be attributed to employees' lack of attention to their performance dimensions or their reduced contributions, which hinders the organization from functioning as expected (Edelia & Aslami, 2022). To address this problem, it is crucial to focus on improving employee performance through various factors such as compensation, motivation, and work discipline. Soho Suhra Bakery Makassar provides financial compensation to employees, including monthly salaries and hourly wage rates. This compensation is expected to enhance employee interest and enthusiasm. Additionally, motivation can be fostered through rewards, punishments, praise, and

reprimands. Work discipline is maintained through adherence to cleanliness and safety rules, production norms, and compliance with organizational regulations.

Understanding the influence of compensation, motivation, and work discipline is essential for improving employee performance in the Soho Suhra Bakery organization. Previous research conducted by Istifadah and Santoso on PT. Livia Mandiri Sejati Banyuwangi has demonstrated that compensation, motivation, and work discipline can significantly impact employee performance (Istifadah & Santoso, 2019). Their analysis, conducted through partial and simultaneous t-tests, revealed significant effects on employee performance. Specifically, the research indicated that higher compensation positively correlated with better employee performance, improved motivation enhanced the quality of employee work, and higher employee discipline had a positive impact on performance.

Similar studies have been conducted in other companies, such as PT Teletama Artha Mandiri Pontianak and Kantor Distrik Navigasi Kelas I Makassar. The study on PT Teletama Artha Mandiri Pontianak showed that compensation, motivation, and work discipline have a significant effect on employee performance (Fitriani, 2015). Meanwhile, the study on Kantor Distrik Navigasi Kelas I Makassar found that work spirit, work discipline, and compensation have a significant effect on employee productivity (Indrawati et al., 2018).

Akhyadi (2015) has identified several factors that influence employee performance, including motivation, work ethics, job design, co-worker relationships, and organizational support, which encompasses training and development. Based on these findings, the researchers are interested in conducting a study titled "The Influence of Compensation, Motivation, and Work Discipline on Employee Performance at Soho Suhrah Bakery Makassar." By examining these factors and their effects on employee performance, this study can provide valuable insights and recommendations for improving performance and achieving organizational goals in the bakery.

2. LITERATURE REVIEW

2.1. Compensation

Compensation refers to the income employees receive in the form of money, goods, or benefits as a reward for their services to the organization (Hasibuan, 2014). It includes wages, incentives, benefits, and facilities aimed at recognizing employee performance, ensuring fair salaries, maintaining performance, reducing turnover, attracting quality employees, and managing organizational costs. Direct compensation involves cash payments such as salaries and incentives, while indirect compensation includes non-physical rewards like insurance or work environment facilities.

2.2. Work Motivation

Motivation, derived from the word "motive," refers to the encouragement or reason behind someone's actions (E. Sutrisno et al., 2010). In the context of employees, motivation can be internal or influenced by the work environment. It plays a crucial role in driving individuals to consciously pursue their goals and engage in productive actions.

Motivational strategies may involve rewards such as monetary incentives, promotions, or recognition, as well as penalties or punishments to address decreases in work activity.

2.3. Work Discipline

Work discipline encompasses employees' awareness and willingness to comply with organizational or company regulations and social norms (Sinambela, 2019). According to Robbins & Judge (2008), work discipline comprises three aspects:

1. Time Discipline: Demonstrating obedience and adherence to working hours.
2. Regulatory Discipline: Following duties, orders, and disciplinary regulations from superiors.
3. Discipline of Responsibility: Fulfilling responsibilities as an employee (Nawa & Kempa, 2017).

2.4. Employee Performance

Employee performance refers to the individual's achievement of work results (Bangun, 2012). It is measured based on the accumulation of employee activities that contribute to organizational objectives. H. E. Sutrisno (2019) identified four dimensions of performance indicators:

1. Quality of Work: The accuracy and precision with which tasks are completed.
2. Quantity of Work: The number of products or services produced.
3. Working Time: Attendance, punctuality, and the duration of employees' working period.
4. Collaboration: How employees assist or hinder the efforts of their colleagues.

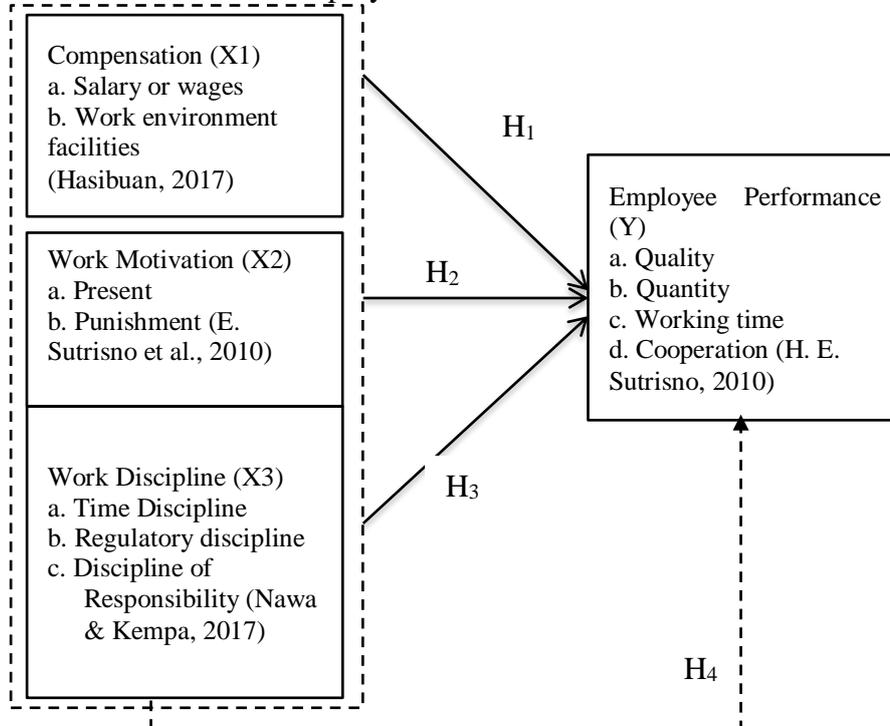


Figure 1. Relationship between Dependent Variable and Independent Variable

Based on the research framework, the following hypotheses are proposed:

- H1: Compensation positively and significantly affects the performance of employees at Soho Suhra Bakery Makassar.
- H2: Work motivation positively and significantly affects the performance of employees at Soho Suhra Bakery Makassar.
- H3: Work discipline positively and significantly affects the performance of employees at Soho Suhra Bakery Makassar.
- H4: Compensation, work motivation, and work discipline collectively have a positive and significant effect on the performance of employees at Soho Suhra Bakery Makassar.

3. RESEARCH METHODS

This study employed an associative quantitative research method to explore the causal relationship between the variables (Sugiyono, 2017). The independent variables included compensation, motivation, and work discipline, while the dependent variable was employee performance. The research was conducted at Soho Suhra Bakery Makassar, with the entire population of 30 employees being included as respondents in the study. The census approach was employed, which involves collecting data from the entire population rather than a sample.

Data were collected from two sources: primary data obtained through observations, interviews, and questionnaires distributed to respondents representing the research population, and secondary data sourced from reports provided by Soho Suhra Bakery Makassar. The collected questionnaire data underwent validity and reliability tests. Validity was assessed using the Product Moment correlation theory, and reliability was evaluated using the Cronbach Alpha technique.

Classic assumption tests were conducted to ensure the suitability of the data for analysis. These included a normality test using the Kolmogorov-Smirnov test, a multicollinearity test to detect correlations among independent variables, and a heteroscedasticity test using the Scatterplot method. Multiple linear regression analysis was performed to predict changes in employee performance based on variations in compensation, work motivation, and work discipline. The significance of the variables was assessed through T-tests for partial effects and an F-test for the joint effect of all independent variables. The coefficient of determination (R square) was used to determine the percentage of variation in the dependent variable explained by the independent variables.

4. RESULTS AND DISCUSSION

4.1. Research Results

4.1.1. Normality Test

Table 1. Normality Test Result
One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		30
Normal	Mean	.0000000
Parameters ^{a,b}	Std. Deviation	1.25023188
Most Extreme	Absolute	.121
Differences	Positive	.121
	Negative	-.100
Test Statistic		.121
Asymp. Sig. (2-tailed)		.200 ^{c,d}

- a. Test distribution is Normal.
- b. Calculated from data.
- c. Lilliefors Significance Correction.
- d. This is a lower bound of the true significance.

Upon analyzing the data output, it is evident that the results of the normality test exhibit a significance level exceeding 0.05, specifically $0.200 > 0.05$. Based on this observation, this study can conclude that the data follows a normal distribution.

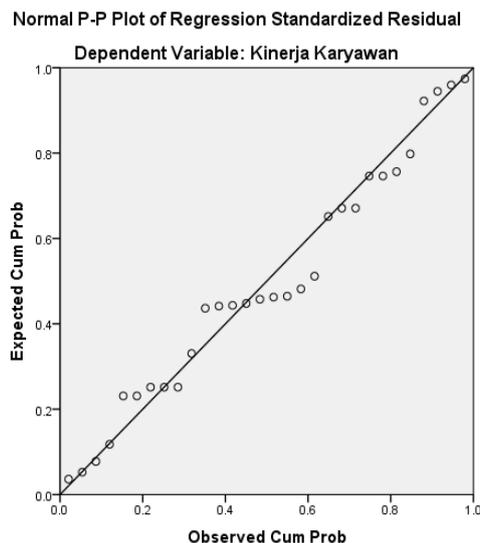


Figure 2. P-Plot graph

Upon observing the P-Plot graph provided, it is evident that the data exhibits a dispersion pattern aligned with the direction of the histogram line, indicating a tendency towards a normal distribution. Hence, this study can conclude that the variable follows a normal distribution.

4.1.2. Multicollinearity Test

After conducting the multicollinearity test, the following results were obtained:

- The Compensation variable (X1) has a VIF value of 1.529 and a TOL value of 0.654.
- The Work Motivation variable (X2) has a VIF value of 1.384 and a TOL value of 0.722.
- The Work Discipline variable (X3) has a VIF value of 1.840 and a TOL value of 0.544.

It is worth noting that a desirable TOL value is close to 1, indicating low multicollinearity. In this case, all three variables exhibit TOL values close to 1. Additionally, the VIF values for these variables are all less than 10. Therefore, this study can conclude that there is no evidence of multicollinearity, indicating that the regression model is free from multicollinearity symptoms.

4.1.3. Heteroscedasticity Test

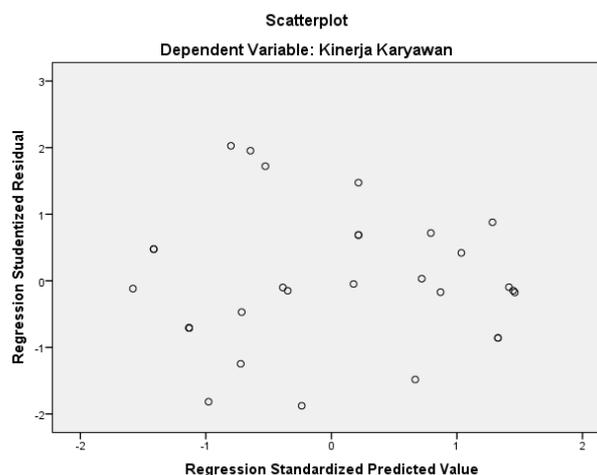


Figure 3. Heteroscedasticity Test Result

The Heteroscedasticity Test was performed, and the results indicate that the calculations using the Scatterplot method reveal a pattern of scattered, irregular dots. Furthermore, there is no observable distribution pattern that resembles symptoms of heteroscedasticity. Consequently, it can be concluded that the variables Compensation (X1), Work Motivation (X2), Work Discipline (X3), and Employee Performance (Y) are devoid of heteroscedasticity symptoms.

4.1.4. T-Test

The T-Test was conducted using the obtained equation, with a T-table value of 2.055 at a significance level of 5%. Regarding the Compensation variable (X1), the t-statistic was 5.559 with a sig. value of 0.000. The table value obtained from the

distribution table is 2.055. According to the decision-making rules for the T-Test, the criteria are $t\text{-statistic} > t\text{-table}$ or $\text{sig.} < 0.05$. In this case, this study has $5.559 > 2.055$ and $0.000 < 0.05$. Therefore, it can be concluded that the Compensation variable (X1) significantly influences the Employee Performance variable (Y). Consequently, the hypothesis H1 is accepted.

For the Work Motivation variable (X2), the t-statistic was -1.461 with a sig. value of 0.156. The table value obtained from the distribution table remains 2.055. Following the decision-making rules for the T-Test, the criteria are $t\text{-statistic} > t\text{-table}$ or $\text{sig.} < 0.05$. In this instance, this study has $-1.461 < 2.055$ and $0.156 > 0.05$. Thus, it can be deduced that the Work Motivation variable (X2) does not have a significant effect on the Employee Performance variable (Y). Consequently, the hypothesis H2 is rejected.

In the case of the Work Discipline variable (X3), the t-statistic was 0.443 with a sig. value of 0.662. The table value obtained from the distribution table remains 2.055. Following the decision-making rules for the T-Test, the criteria are $t\text{-statistic} > t\text{-table}$ or $\text{sig.} < 0.05$. In this scenario, this study has $0.443 < 2.055$ and $0.662 > 0.05$. Therefore, it can be inferred that the Work Discipline variable (X3) does not have a significant effect on the Employee Performance variable (Y). Consequently, the hypothesis H3 is rejected.

4.1.5. F-Test

Using the obtained equation, the F-table value is determined to be 2.99 at a significance level of 5%. The test conducted resulted in an F-statistic of 15.303, which is greater than the F-table value of 2.99. Hence, the H4 hypothesis is accepted. This demonstrates that there is a simultaneous influence of compensation (X1), work motivation (X2), and work discipline (X3) on employee performance (Y) for employees at Soho Suhra Bakery Makassar.

4.1.6. Coefficient Determination Test

The R-square test reveals a coefficient of determination value of 0.638, indicating that 63.8% of the variability in the employee performance variable can be explained by the variables of compensation, work motivation, and work discipline. The remaining 36.2% is attributed to other unspecified variables.

4.2. Discussion

4.2.1. Effect of Compensation on Employee Performance

The data analysis reveals that the compensation variable (X1) has a positive and significant effect on the employee performance variable (Y), with a value of $5.559 > 2.055$ and a significance value of $0.000 < 0.05$. Hence, the hypothesis H1 is accepted. The findings align with Edison et al. (2017), which suggests that appropriate compensation increases employee morale, leading to improved productivity. At Soho Suhra Bakery Makassar, the stable and satisfactory compensation provided enhances employee performance and job satisfaction. It motivates employees to perform better and contributes to their overall satisfaction with the company's facilities.

4.2.2. Effect of Work Motivation on Employee Performance

The data analysis shows that the work motivation variable (X2) has no significant effect on the employee performance variable (Y), with a value of $-1.461 < 2.055$ and a significance value of $0.156 > 0.05$. Therefore, the hypothesis H2 is rejected. Providing motivation to employees is crucial for encouraging action and enhancing performance (Jufrizen et al., 2021). However, at Soho Suhra Bakery, the motivation efforts seem to be ineffective, resulting in low employee motivation. Measures should be taken to improve and boost the work motivation of employees.

4.2.3. Effect of Work Discipline on Employee Performance

The data analysis indicates that the work discipline variable (X3) has no significant effect on the employee performance variable (Y), with a value of $0.443 < 2.055$ and a significance value of $0.662 > 0.05$. As a result, the hypothesis H3 is rejected. The inadequate work discipline at Soho Suhra Bakery disrupts the employee performance process. This contradicts previous studies, such as Sanjaya (2020), which found a positive correlation between work discipline and employee performance. Also study by Husain et al. (2022) which found that work environment and work discipline have a contribution to employee performance of 67%. The multiple linear regression equation was $0.277 + 0.473(X1) + 0.63(X2)$, indicating a positive relationship between work environment and work discipline on employee performance. Meanwhile, the finding align with recent study by Fahrurrozi & Sumekar (2023) who also found that work discipline does not affect employee performance. The lack of work discipline is evident in employee absences and non-compliance with company regulations. Low self-discipline among employees can adversely impact company performance.

4.2.4. Effect of Compensation, Motivation, and Work Discipline on Employee Performance

The data analysis indicates that compensation (X1), motivation (X2), and work discipline (X3) collectively explain 59.7% of the additional variables, with 40.3% being attributed to other unexamined factors. Thus, the hypothesis H4 is accepted. The test results demonstrate a direct relationship between the provision of compensation, motivation, and work discipline, leading to positive impacts on employee performance.

This finding also aligns with previous studies, such as a study conducted at PT XYZ found that motivation, work discipline, and compensation have a significant positive impact on employee performance (Mohamad & Saluy, 2021). Another study conducted at Politeknik Akamigas Palembang found that work discipline and compensation have a significant impact on employee performance (Perizade et al., 2018).

Each independent variable has an interconnected influence on the dependent variable. Although the partial tests reveal discrepancies in motivation and work discipline, when examined in conjunction with compensation, compatibility is observed. This implies that compensation plays a significant role in binding these variables and exerting a notable influence on the performance of Soho Suhra Bakery Makassar employees.

5. CONCLUSION

This study aimed to examine the impact of compensation, work motivation, and work discipline on employee performance at Soho Suhra Bakery Makassar. Based on the proposed hypotheses, data analysis, and discussions conducted, the following conclusions can be drawn:

Regarding hypothesis testing (H1), it has been established that compensation has a positive and significant effect on employee performance. This conclusion suggests that Soho Suhra Bakery should maintain its stable and appropriate compensation system, which includes competitive wages or salaries and satisfactory employee benefits. Moreover, the bakery should consider periodically reviewing and adjusting compensation packages to ensure they align with employees' expectations and industry standards. On the other hand, the findings of hypothesis testing (H2) indicate that work motivation does not have a significant effect on employee performance. To address this, Soho Suhra Bakery can explore alternative approaches to motivate employees effectively. These may include implementing recognition programs that acknowledge outstanding performance, providing opportunities for skill development and career advancement, and fostering a positive and supportive work environment that nurtures intrinsic motivation among employees.

Similarly, the hypothesis testing results (H3) indicate that work discipline does not significantly impact employee performance. To improve work discipline, Soho Suhra Bakery should review its existing policies and procedures, focusing on enhancing employee adherence to organizational rules and regulations. This can be achieved through regular communication, training programs on professional conduct, and transparent performance evaluation systems. Emphasizing the importance of punctuality, accountability, and responsible behavior can contribute to fostering a disciplined work culture. Furthermore, the results of hypothesis testing (H4) demonstrate that compensation, work motivation, and work discipline collectively have a significant impact on employee performance. This implies that Soho Suhra Bakery should adopt a holistic approach to enhance employee performance by simultaneously addressing all three factors. Strategies may include aligning compensation systems with performance-based incentives, providing tailored motivational programs that cater to individual employee needs and preferences, and reinforcing work discipline through consistent enforcement of policies and establishing clear expectations.

To enhance employee performance at Soho Suhra Bakery, the following recommendations are suggested such as: reviewing and adjusting the compensation system, implementing recognition programs, providing opportunities for skill development and career advancement, fostering a positive work environment, improving work discipline policies, emphasizing punctuality and accountability, and adopting a holistic approach by integrating compensation, work motivation, and work discipline strategies. These actions will create a motivating workplace, boost employee performance, and contribute to the overall success of the bakery.

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